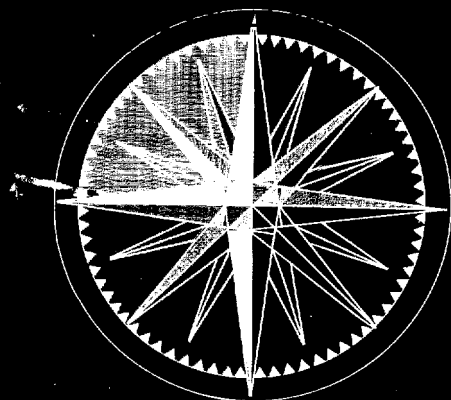


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CURRENT INTELLIGENCE WEEKLY SPECIAL REPORT

BRAZIL'S NEW TWO-PARTY SYSTEM

CENTRAL INTELLIGENCE AGENCY DIRECTORATE OF INTELLIGENCE

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BRAZIL'S NEW TWO-PARTY SYSTEM

The newly created two-party system in Brazil is a major effort by the government to develop a base of political support and establish a more rational framework for political forces. Through carefully devised legal procedures, President Castello Branco has promoted the reorganization, as of March 1966, of the country's political groups into two national parties, the progovernment National Renewal Alliance (Alianca Renovadora Nacional--ARENA) and the opposition Brazilian Democratic Movement (Movimento Democratico Brasileiro--MDB). ARENA and the MDB replace the highly factionalized, chaotic political groupings that had existed since the days of the dictator Getulio Vargas and which at the time of their dissolution by decree in October 1965 saw three major and ten minor parties represented in Congress.

ARENA and the MDB will compete for power this fall in presidential and congressional elections (on 3 October and 15 November, respectively) as well as in gubernatorial contests in 11 of Brazil's 22 states on 3 September. ARENA candidate General Arthur Costa e Silva is heavily favored in the presidential contest, inasmuch as it will be decided by the Congress, where ARENA holds a substantial majority. The congressional elections, however, loom as an important test of party strengths. The prospects of survival for both ARENA and the MDB are uncertain, but even if the parties should disintegrate they are likely to have a positive influence on Brazilian political developments.

Background

President Castello Branco abolished all political parties by decree on 27 October 1965 after the victory of opposition candidates in important gubernatorial elections created a political crisis. The decree cleared the way for restructuring Brazil's political system, which the administration deemed

necessary for a number of reasons. The government believed that the continued proliferation of parties would encourage a return to the irresponsible politics dominated by personalism that prevailed prior to the overthrow of the Goulart regime in March 1964. Administration leaders also concluded that a reliable bloc was needed in Congress to assure passage of

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STRENGTH OF PARTIES IN CHAMBER OF DEPUTIES**

ARENA (National Renewal Alliance)	FORMER PARTY (now abolished)	MDB (Brazilian Democratic Movement)
85	National Democratic Union - UDN	5
80	Social Democratic Party - PSD	39
36	Brazilian Labor Party - PTB	76
18	Social Progressive Party - PSP	4
13	Christian Democratic Party - PDC	5
8	National Labor Party - PTN	4
5	Popular Representation Party - PRP	--
4	Republican Party - PR	--
3	Social Workers Party - PST	1
2	Liberation Party - PL	--
2	Republican Workers Party - PRT	2
--	Renovation Labor Movement - MTR	3
--	Brazilian Socialist Party - PSB	2
256		141

(The totals do not include 12 independents who have only limited voting privileges.)

legislation essential to the revolution and to act as a counterweight to military pressures. This would be attainable only if party alignments were drastically changed. Castello Branco and his advisers were determined to prevent the confusion and the setback to the revolution that might come with elections this fall if the regime had no strong election machine. A new president, an entirely new Chamber of Deputies, one third of the Senate, and various state officials, including governors in several key states, will be elected. Only candidates who are members of one of the two parties will be allowed to run in the elections.

Accordingly, Castello Branco decreed stringent regulations that would allow only two or three new parties to be organized and officially recognized. The Fourth Complementary Act of 23 November 1965 required that political parties must have at least 120 federal deputies (of a total of 409 Chamber members) and 20 senators (of 66 members in the

Senate) in order to qualify for official recognition. ARENA and the MDB are technically "provisional" parties. Permanent parties will be organized as such only after the November elections, probably sometime in early 1967, and they must satisfy regulations established by the Statute on Political Parties of 15 July 1965.

Castello Branco succeeded in forcing the politicians to organize eventually into two parties, divided along generally progovernment, prorevolution (ARENA) and opposition (MDB) lines. A third group, the Democratic Reform Party, failed to qualify for legal status. It was established among followers of former governor Carlos Lacerda of Guanabara, a supporter of the 1964 revolution who later became a bitter opponent of the regime.

ARENA, the Government Party

Because of a rush of congressmen to the ARENA bandwagon, ARENA at the national level outweighs by far the rival MDB. According to the most recent count available, ARENA holds 256 seats in the Chamber of Deputies and 44 Senate seats, while the MDB claims 141 deputies and 21 senators. ARENA members outnumber their MDB opponents in all but three of the 22 state delegations in the Chamber. ARENA is dominated by the former conservative-oriented National Democratic Union (UDN) and moderate ex-Social Democrats (PSD), although like its opposition counterpart, ARENA includes political figures from nearly all 13 former parties.

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Although ARENA is a dubious vehicle for fulfilling its platform goal of "consolidating the purifying and progressive ideals which inspired the revolution of March 1964," it has provided Castello Branco with a fairly reliable political base in the Congress. To expand this base the government is attempting to include representatives of commercial associations, universities, labor, students, and other major groups in the ARENA state directorates. This effort is particularly important in view of the lack of popular support for the regime.

The Opposition MDB

Since Castello Branco has been in office the opposition in Congress has been somewhat timid in its relationship with the executive, partly to avoid antagonizing the watchful military. Moreover, the opposition was weakened by the removal from office of many deputies, including virtually all far leftists, soon after the March 1964 revolution.

MDB leaders stress such issues as the government's refusal to allow popular presidential and gubernatorial elections, undue military influence in the government, and the alleged failure of the government's anti-inflation program. The MDB's position on these issues has gained it considerable support, especially among labor, students, and intellectuals. The ex-Labor Party (PTB) contingent, whose left-of-center policies tend to dominate the party line, is by far the most significant bloc in the opposition MDB.

Like ARENA the MDB has difficulty reconciling local conflicts and harmonizing personal differences among its members. Symbolic of the internal party dissension was the election of a relative unknown, ex-PTB Senator Oscar Passos of the remote interior state of Acre, as the compromise choice for party president.

Weaknesses in the Two-party System

Neither ARENA nor the MDB can be considered a cohesive, disciplined entity. Personalism and regional rivalries continue to govern the politicians' behavior. A major weakness in the new political system is that it has been imposed artificially from above, i.e., from the national level down, whereas Brazil's parties have traditionally developed from the grass roots upward. President Castello Branco appointed a commission of five federal deputies to organize ARENA. National party commissions of both ARENA and the MDB appoint state directorates, and most of the state directorates are dominated by federal deputies and senators.

The fragility and artificiality of both ARENA and the MDB are seen in the great difficulty they have had in creating party organizations in the states and municipalities. Although provision has been made for regional (state) and municipal party directorates, many do not exist in fact or are inoperative. In many cases politicians have withheld their cooperation, declining to choose between two parties either of which would require alliances with people of

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greatly different political stripe and in many instances, with traditional enemies. In fact a number of prominent figures, such as Carlos Lacerda and former Sao Paulo governor Carvalho Pinto, have refused to join either party.

In a number of important states, such as Guanabara and Pernambuco, ARENA's inability to win elections for the government's choice of state assembly officers, even when the party had a numerical majority, is illustrative of the party's weakness. In several instances, Castello Branco has failed to win acceptance of his candidate as ARENA leader in the states.

Case of Sao Paulo

ARENA's problems in politically important Sao Paulo State, Brazil's wealthiest and most populous, are indicative of the difficulties involved in organizing in the face of deep-seated antagonisms. Governor Adhemar de Barros rejected the federal government's attempt there to install its man as leader of the state ARENA directorate. His attitude split the party nearly hopelessly. The government finally succeeded in setting up a group it could control, but only at the expense of antagonizing the influential De Barros. De Barros' attitude contributed to his subsequent ouster on 5 June. Considerable tension persists within the state ARENA organization, and this could seriously jeopardize the party's chances in coming state elections.

The MDB is also faction-ridden in Sao Paulo. Supporters of ex-President Janio Quadros control the party machinery in the city of Sao Paulo while followers of former governor Carvalho Pinto and other rivals of Quadros are stronger outside the capital. Intraparty squabbling is evident here as in other states.

The Elections

ARENA and the MDB will face their most severe test in the congressional elections set for 15 November, when an entirely new Chamber of Deputies will be chosen along with one third of the Senate. Voting will take place at the same time for new state legislatures. To a lesser degree, the 3 October presidential election and the 3 September gubernatorial elections will also be important to the parties' future. In these contests, however, internal party maneuvering will determine the final outcome because the voting will not be by public ballot but by the national legislature in the case of the presidential race and by the state assemblies in the races for governor.

The unpopularity of the Castello Branco government among large segments of the population, particularly labor and students, will hurt ARENA congressional candidates in many areas. Urban areas such as Sao Paulo and Guanabara, where the labor vote is large, may well see a strong antigovernment vote in view of

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the workers' dissatisfaction with government policies. In the presidential election, ARENA's candidate, War Minister Costa e Silva, is virtually assured of victory because of the party's strong majority in both houses of Congress. The MDB has been unable to find a prominent figure willing to run as its candidate. The party reportedly is considering boycotting the election.

Outlook for the Parties

There is serious doubt that the present political system will survive intact beyond the election period, when one of the strongest incentives holding the various factions of the two parties together will no longer exist. A substantial current of informed opinion in Brazil holds that the two-party system is not realistic in terms of Brazil's long-range needs.

At the moment, the prospects seem to favor a modification of the present party system after the elections. The government foresaw the possible need for further changes and included a provision for the formation of subparties (sub-legendas) in the basic law on political organization. The subparties would be allowed to run their own candidates in elections, thus encouraging a further division of the parties. Regardless of the government's willing-

ness to authorize a further major restructuring of the parties, there may well be a split in both ARENA and the MDB, and the formation of another party. This would result in a system of three parties similar to the old National Democratic Union - Labor Party - Social Democratic Party alignment which had dominated Brazilian politics. There are strong tendencies in both ARENA and the MDB to divide this way.

Any drastic shift in party alignment that draws strength away from ARENA would jeopardize the administration's hopes of constructing a strong political base. This in turn could open the way for greater influence of the military in political affairs.

The future of ARENA and the MDB will depend to a great extent on how Castello Branco's successor, presumably Costa e Silva, views the importance of the existing parties and how he plans to operate, e.g., with or without a strong role for Congress. Costa e Silva has yet to reveal clearly his thinking on this subject. Judging from what is known of his attitude toward politics, he would probably place less importance on political form than Castello Branco and might be inclined to disregard party considerations if he considered them more a hindrance than an advantage. The next president will not have the advantages of

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some of the special powers conferred upon Castello Branco by the Institutional Acts, which expire on 15 March 1967 when Castello Branco is due to leave office.

Even if ARENA and the MDB should collapse, however, they are likely to have a positive influence on future political develop-

ment in Brazil. Castello Branco has succeeded in at least focusing national attention on the desirability of avoiding a return to the highly factionalized party system that prevailed so long. This in itself may eventually lead to a more orderly and rational party system.

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